

## Message Text

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ACTION IO-10

INFO OCT-01 AGR-10 RSC-01 AID-05 EB-07 AF-10 ARA-10 EA-10

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ABF-01 /089 W

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R 271600Z NOV 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC 8402

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FODAG

E.O. 11652: N/A

TAGS: FAO, OCON, EAGR

SUBJ: FAO 64TH COUNCIL: PRELIMINARY OUTLINE PROGRAM WORK  
AND BUDGET 1976-77.

/SUMMARY/: DIRECTOR-GENERAL PRESENTED COUNCIL WITH BROAD-BRUSH SKETCH OF PRELIMINARY CONSIDERATIONS AND LEVEL NEXT BIENNIUM PROGRAM OF WORK AND BUDGET. HE ESTIMATES TOTAL BUDGET LEVEL OF \$191 MILLION. THIS WOULD BE AN INCREASE OF \$86 MILLION OVER QUOTE CORRECTED UNQUOTE 1974/75 BUDGET AND INCLUDE \$42 MILLION FOR COST INCREASES AND \$44 MILLION FOR NEW PROGRAM. FOLLOWING PROVIDES BRIEF REVIEW DIRECTOR-GENERAL'S OUTLINE ISSUED AS DOCUMENT 64/LIM/8. /END SUMMARY/.

1. INTRODUCTION CAUTIONS THAT IMPOSSIBLE GIVE RELIABLE ESTIMATES NOW ESPECIALLY BECAUSE CALCULATIONS CONTINGENT ON ACTIONS TO BE TAKEN ELSEWHERE.

2. PRESENT BASE REDUCED TO \$102 MILLION BY CURRENCY FLUCTUATIONS BUT UNBUDGETED COST INCREASES FOR GENERAL SERVICE AND PROFESSIONAL SALARIES WOULD ADD \$3 MILLION.

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3. COST INCREASES. THERE WILL INCLUDE INCREASES DURING CURRENT BIENNIUM AND THOSE IN NEXT BIENNIUM. ITALIAN RATE OF INCREASE LAST TWELVE MONTHS 25.7 PERCENT. ESTIMATE ABOUT \$30 MILLION REQUIRED MAINTAIN CURRENT PROGRAM LEVEL: \$13.5 MILLION FOR PROFESSIONAL STAFF INCREASES; \$8 MILLION FOR GENERAL SERVICE STAFF INCREASES; \$2.25 MILLION FOR STAFF AND OTHER COSTS OUTSIDE ROME AND \$5.25 MILLION FOR NON-STAFF COSTS IN ROME. ECONOMIES MUST, THEREFORE, BE MADE THROUGH PROGRAM CUTS.

4. PRIORITIES: PRETTY MUCH AN OPEN QUESTION ESPECIALLY UNTIL WFC RECOMMENDATIONS AND THEIR IMPLICATIONS BETTER UNDERSTOOD.

5. EXTRA-BUDGETARY RESOURCES: IMPOSSIBLE YET TO KNOW EXTENT EXTRA-BUDGETARY RESOURCES AND THEIR EFFECT ON FAO PRIORITIES. EXPECT THEM TO INCREASE. FAO PROBLEM OF OVER-HEAD COSTS UNDP AND OTHER FUNDS WILL GET MORE SERIOUS WITH ESTABLISHMENT NEW FINANCING MECHANISMS. SO NEED NOW PROVIDE ADDITIONAL \$5 MILLION FOR REGULAR PROGRAM POSTS.

6. LOW PRIORITIES (ECONOMIES): EXTRA-BUDGETARY PROGRAMS FOR WHICH INADEQUATE REIMBURSEMENT; FREEZING VACANCIES; CUTS IN MEETINGS; THOROUGH REVIEW ALL PROGRAMS TO IDENTIFY LOWEST PRIORITIES. NEVERTHELESS, EXPECT THAT FAO "TO KEEP INITIATIVE AND FULFILL WFC EXPECTATIONS" WILL REQUIRE "VERY LARGE INCREASE IN NEW PROGRAM RESOURCES."

7. NEW PROGRAM RESOURCES: BOERMA REVIEWS WFC RESOLUTION AND NOTES THAT EACH WILL AFFECT FAO DIFFERENTLY DEPENDING ON HOW EACH AFFECTS FAO ROLE AS (A) FORMULATOR OF GLOBAL POLICIES, ETC; (B) PROVIDER OF TECHNICAL ASSISTANCE; AND (C) COMPILER AND DISTRIBUTOR OF INFORMATION. BOERMA ESTIMATES COSTS TO FAO OF EACH WFC RESOLUTION AS FOLLOWS:

A. /FIRST COMMITTEE/: RESOLUTION I \$5 MILLION; II \$2 MILLION; III \$2 MILLION; IV \$5 MILLION; V \$2 MILLION; VI \$500,000; VII \$500,000; X \$500,000; XI \$250,000; XII \$250,000; XIII \$5 MILLION; XIV (NEGLIGIBLE).

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B. /SECOND COMMITTEE/: RESOLUTION I \$3 MILLION; II \$2 MILLION; III (NO ESTIMATE); IV \$1 MILLION.

C. /THIRD COMMITTEE/: INTERNATIONAL TRADE STABILIZATION AND AGRICULTURAL ADJUSTMENT \$250,000.

8. ORGANIZATIONAL ASPECTS: SOME MINOR REORGANIZATION WILL BE NECESSARY BUT NOTHING MAJOR EXPECTED.

9. OTHER PRIORITY INCREASES NOT INCLUDED IN WFC RECOMMENDATIONS:  
FISHERIES \$1 MILLION; FORESTRY \$1.5 MILLION; OTHER \$2 MILLION;  
GENERAL POLICY AND DIRECTION, GENERAL PROGRAM SERVICES  
AND GENERAL SUPPORT \$4 MILLION; FAO REPRESENTATION ABROAD \$1  
MILLION.

10. TOTAL BUDGET LEVEL \$191 MILLION; AN INCREASE OF \$86  
MILLION OVER CORRECTED VALUE OF 1974-75 BUDGET LEVEL AT 1974-  
75 PRICES. COST INCREASE WOULD BE \$42 MILLION, PROGRAM INCREASE  
\$44 MILLION.

11. FINANCIAL AND ORGANIZATIONAL ASPECTS: FOREGOING WILL  
INVOLVE LARGE INCREASES IN PERSONAL SERVICES INCLUDING  
CONSULTANTS, ETC; TRAVEL; PUBLICATIONS; OPERATING EXPENSES.  
FOR REASONS OF SPACE AND COST MUST "DEPLOY MORE OF PROGRAM  
TO REGIONAL AND/OR COUNTRY OFFICES." SHOULD CONTINUE FULL  
BUDGETING HOLDING IN RESERVE COST INCREASES EXPECTED TO ARISE  
IN SECOND YEAR OF BIENNIUM PENDING REVIEW BY COUNCIL IN  
NOVEMBER 1976; MAINTENANCE OF A PROGRAM RESERVE FOR UN-  
PROGRAMMED TECHNICAL ASSISTANCE; ADD AN ADDITIONAL CHAPTER  
TO BUDGET COVERING TOTAL INTERRELATIONSHIP OF EXTRA-  
BUDGETARY AND REGULAR PROGRAMS; SIZE OF WORKING CAPITAL  
FUND WHICH NEEEDS EXPANSION AND, IN ADDITION, MAINTENANCE  
"EQUIVALENT SUSPENSE ACCOUNT" DUE TO EXPIRE END CURRENT BIENNIUM.

12. CONCLUSION: ABOVE PROVISIONAL AND ONLY  
PROVIDED ON DEMAND; A BEST ESTIMATE, HOWEVER. THE PAST  
NO GUIDE TO THE FUTURE. NEED NOW TO INNOVATE AND IMPROVE  
ECONOMY AND EFFICIENCY.

/COMMENT/: WHILE DELS ARE GENERALLY APPRECIATIVE OF DIRECTOR-  
GENERAL'S EFFORT IN PRESENTING LIM 8, NO DELEGATION FEELS  
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IN A POSITION TO MAKE ANY COMMENTS ON SUBSTANCE OR  
POSSIBLE BUDGET LEVEL 1976-77 BUDGET AT THIS TIME. WILL  
REPORT SEPARATELY ON ITEM 6 DEBATE.VOLPE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUDGET DATA, BUDGET ESTIMATES, MEETINGS  
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**Copy:** SINGLE  
**Draft Date:** 27 NOV 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 13 NOV 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <13 NOV 2002 by MorefiRH>; APPROVED <26 NOV 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Subject:** FAO 64TH COUNCIL: PRELIMINARY OUTLINE PROGRAM WORK AND BUDGET 1976-77.  
**TAGS:** OCON, EAGR, FAO  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005